

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC PRIORITY 9682
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 8934

E.O. 11652: GDS
TAGS: PINT, PO
SUBJECT: ASSEMBLY APPROVES SPECIFIC BUDGET PROVISIONS

REF: LISBON 8904 (DTG 291623Z DEC 76)

SUMMARY: THE LEGISLATIVE ASSEMBLY DEC 29 APPROVED THE
INDIVIDUAL ARTICLES OF THE GOVERNMENT PLAN AND BUDGET.
ASSEMBLY ACTION ON THE PLAN AND THE BUDGET IS NOW
COMPLETE. DESPITE SOME LAST-MINUTE ALTERATIONS AND
ADDITIONS TO THE PLAN, SOCIALIST SOURCES BELIEVE
AUTHORITY TO IMPLEMENT ITS PROGRAM. END SUMMARY.
1. FINAL APPROVAL FOR BUDGET AND PLAN: THE
LEGISLATIVE ASSEMBLY DEC 29 APPROVED THE INDIVIDUAL
ARTICLES OF THE GOVERNMENT PLAN AND BUDGET AS
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REVISED BY THE GOVERNMENT. THE GOVERNMENT HAD
HELPED ASSURE ASSEMBLY APPROVAL OF THE ENTIRE PLAN
DEC 28 BY AGREEING TO BE FLEXIBLE ON INDIVIDUAL
ARTICLES (REFTEL). THE ASSEMBLY DEFEATED PSD
PROPOSALS FOR ALTERATIONS IN THE BUDGET.

2. ALTERATIONS IN PLAN: THE GOVERNMENT SUBMITTED ALTERNATIONS AND ADDITIONS TO THE PLAN STATING ITS INTENTION TO:

- ENCOURAGE PUBLIC AND PRIVATE INVESTMENT TO REDUCE UNEMPLOYMENT;
- CONTAIN INFLATION;
- CORRECT INEQUALITIES IN STANDARDS OF LIVING;
- STIMULATE PRIVATE INVESTMENT;
- CONTINUE AGRARIAN REFORM;
- REHABILITATE VIABLE PUBLIC AND PRIVATE ENTERPRISES IN FINANCIAL DIFFICULTIES.

3. PARTY POSITIONS: PARTY LEADERS HAD THE FOLLOWING REACTIONS DEC 29 TO ASSEMBLY APPROVAL OF THE BUDGET AND THE PLAN:

MARIO SOARES (PS): THE OPPOSITION PARTIES KNEW A NEGATIVE VOTE WOULD OBLIGE THEM TO FORM A SUBSTITUTE GOVERNMENT - NO ALTERNATIVE GOVERNMENT EXISTS. DISSIDENT SOCIALISTS AIRES RODRIGUES AND CARMELINDA PEREIRA HAVE EXCLUDED THEMSELVES FROM THE PS BY VOTING AGAINST THE PLAN.

-- SERVULO CORREIA (PSD): THE PSD VOTED AGAINST THE PLAN BECAUSE IT WAS PREPARED WITHOUT CONSULTATION AND BECAUSE IT IS NOT A TRUE ECONOMIC PLAN.

-- FREITAS DO AMARAL (CDS): THE CDS DID NOT WISH TO CAUSE THE FALL OF THE GOVERNMENT AND DID NOT WISH TO ALLOW THE PCP TO CLAIM IT WAS THE ONLY PARTY WILLING TO SUPPORT THE GOVERNMENT.

-- AMARO DA COSTA (CDS): THE GOVERNMENT ACCEPTED CDS

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SUGGESTIONS FOR REVISIONS OF SECTIONS DEALING WITH AGRARIAN REFORM, LOCAL GOVERNMENT FINANCING, AND OTHER AREAS.

-- CARLOS CARVALHAS (PCP): THE PCP ABSTAINED BECAUSE THE GOVERNMENT ACCEPTED PROPOSED CHANGES ON AGRARIAN REFORM AND NATIONALIZED ENTERPRISES AND BECAUSE THE PCP WOULD NOT SUPPORT "REACTIONARY EFFORTS AT DESTABILIZATION."

-- ACCACIO BARREIROS (UDP): THE UDP VOTED AGAINST SUBMISSION TO IMPERIALISM.

4. COMMENT: THE PS ADDED GENERAL LANGUAGE TO THE PLAN WHICH HELPED THE CDS AND THE PCP TO JUSTIFY THEIR ABSTENTIONS. PS SOURCES BELIEVE THE ADDITIONAL LANGUAGE LEAVES THE GOVERNMENT WITH BROAD AUTHORITY TO INTERPRET AND IMPLEMENT ITS PLAN. NO SIGNIFICANT ALTERATIONS WERE MADE IN THE BUDGET.

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